

**Department of Fiscal Services**  
Maryland General Assembly

**FISCAL NOTE**  
**Revised**

House Bill 1140 (Delegate Wood)  
Commerce and Government Matters

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**Procurement - Contract Preferences - Priorities**

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This bill exempts vending supplies and services from the priority given to Blind Industries and Services of Maryland (BISM) by State agencies in contracts for supplies and services.

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**Fiscal Summary**

**State Effect:** Indeterminate increase in expenditures and revenues.

**Local Effect:** None.

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**Fiscal Analysis**

**State Effect:** Under the bill, approximately 200 contracts for vending supplies and services would presumably be competitively bid. The Department of General Services (DGS) reports that it would cost approximately \$60,000 for two positions and attendant operating expenses to competitively bid each contract separately. However, the Department of Fiscal Services advises that it might be possible to consolidate the bidding of these contracts; any expenditure increases could be reduced if the bidding process can be structured in a consolidated fashion.

All State facilities run by DGS provide space for vending facilities to the Maryland State Department of Education (MSDE). Automated vending facilities are contracted out by MSDE to BISM due to the priority. Competitive bidding on these contracts could possibly result in some minimal increase in commission revenues. MSDE would incur indeterminate administrative expenditures in developing initial bid specifications and standards (DGS would then handle the actual bid process).

BISM anticipates revenues of approximately \$3 million as a result of vending contracts

resulting from the current priority system; this represents 23% of its total budget. An additional \$2 million in revenues is expected to come from vending contracts that are less directly tied to the priority system. To the extent that BISM would lose contracts under this legislation, revenues (and expenditures) would decrease by up to \$5 million. In addition, since many of these expenditures are tied to personnel (27 employed in the vending division), a one-time expenditure could result due to an increase in unemployment insurance rates. While these are not direct State expenditures, BISM does receive grant funding through MSDE.

A deficiency appropriation was put in for fiscal 1995 by MSDE to cover unemployment costs associated with BISM layoffs for that year. Therefore, some State expenditures could be incurred. In addition, to the extent that funding through vending contracts is reduced, MSDE may request increased grant funding for BISM. State expenditures on assistance programs could also increase due to any layoffs that would occur at BISM.

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**Information Source(s):** Blind Industries and Services of Maryland, Department of General Services, University of Maryland System, Maryland State Department of Education, Department of Fiscal Services

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